SR-3.5 - AUTOMOBILE DEALERS AND SPECIAL EVENT VEHICLES

This regulation addresses the sales or use taxability of motor vehicles operated with any special license issued, if such plates are issued pursuant to C.R.S. 42-3-122 or other sections, but excluding any license plates issued under C.R.S. 42-3-127(6).

BACKGROUND:

Certain Special Event organizers may desire the temporary use of motor vehicles for specific periods of less than 30 days. Event organizers and participants use these vehicles in the same manner that rental vehicles would be used, and the purchase of one of the temporary use vehicles by the organizer or participants is not expected. Motor vehicle dealers or manufacturers may donate vehicles, including untitled motor vehicles operated under Manufacturer's Certificate of Origin (MCO) to the event organizer. The event organizer distributes the use to participants in lieu of obtaining commercial rental cars for participants. The donation or gift of an item requires the sales or use tax be paid by the donor, see Sales and Use Tax Special Regulations, "Gifts, Premiums and Prizes."

C.R.S. 42-3-122 provides for this issuance of "Special License Plates", but does not specifically provide for license plate issuance without registration, or for transfer of plates from vehicle to vehicle, such as is specifically provided by C.R.S. 42-3-127. The motor vehicle registration statutes do not create any exemption from sales tax for the special event vehicles.

Where a dealer, manufacturer, or special event organizer requests Special License Plates for use on donated motor vehicles, the donor of motor vehicles for such use is subject to the payment of sales or use tax. The donation for use at a special event is temporary in nature, the donation to the organizer of limited term and conditions much like a rental. The Colorado Sales Tax Act requires the application of sales or use tax to all use or consumption. Commercial rental motor vehicles are either taxed at their full purchase price, or, when elected by the renter, the sales tax is collected on the rental payments. Therefore the special event use of the vehicle is subject to the payment of a sales tax as computed below.

SALES TAX COMPUTATION:

A dealership or manufacturer shall report and make a tax return and payment to the Department of sales tax on a taxable amount computed by the following method. The total number of the special event license plates issued for the event will be multiplied times the monthly amount computed from the IRS annual lease table value based on the average of the retail sale price of all new vehicles provided to the event. A daily rate computed under the IRS method will be allowed if the days of use for the special event plates times that daily rate produce a lower lease value. Please note the daily rate is 4/365 times the annual rate, per the IRS procedure in Regulation 1.61-21(d)(4)(B)(ii).

For example: If twenty special event license plates are requested for a special event, and if the total suggested retail sales price of all motor vehicles used at the event was \$500,000 and there were 20 motor vehicles used, then the average retail sales price would

be \$25,000 per motor vehicle. The IRS average lease value for a \$25,000 vehicle for the 2000 taxable year is \$6,850, one-twelfth of that value is \$571. The \$571 monthly value multiplied times the twenty special event license plates equals \$11,420. Thus \$11,420 is taxed for sales tax purposes at the applicable sales tax rate. The sales tax is remitted via a <a href="https://doi.org/10.2004/by-1

Automobile Lease Value Table as of 4/2001 (1993 to date)

fair market value at first day of use						
beginning value to	ending value	annual lease value	monthly lease value	daily lease value		
\$2000	\$2,999	\$1,100.00	\$92	\$12		
\$3000	\$3,999	\$1,350.00	\$113	\$15		
\$4,000	\$4,999	\$1,600.00	\$133	\$18		
\$5,000	\$5,999	\$1,850.00	\$154	\$20		
\$6,000	\$6,999	\$2,100.00	\$175	\$23		
\$7,000	\$7,999	\$2,350.00	\$196	\$26		
\$8,000	\$8,999	\$2,600.00	\$217	\$28		
\$9,000	\$9,999	\$2,850.00	\$238	\$31		
\$10,000	\$10,999	\$3,100.00	\$258	\$34		
\$11,000	\$11,999	\$3,350.00	\$279	\$37		
\$12,000	\$12,999	\$3,600.00	\$300	\$39		
\$13,000	\$13,999	\$3,850.00	\$321	\$42		
\$14,000	\$14,999	\$4,100.00	\$342	\$45		
\$15,000	\$15,999	\$4,350.00	\$363	\$48		
\$16,000	\$16,999	\$4,600.00	\$383	\$50		
\$17,000	\$17,999	\$4,850.00	\$404	\$53		
\$18,000	\$18,999	\$5,100.00	\$425	\$56		
\$19,000	\$19,999	\$5,350.00	\$446	\$59		
\$20,000	\$20,999	\$5,600.00	\$467	\$61		
\$21,000	\$21,999	\$5,850.00	\$488	\$64		
\$22,000	\$22,999	\$6,100.00	\$508	\$67		
\$23,000	\$23,999	\$6,350.00	\$529	\$70		
\$24,000	\$24,999	\$6,600.00	\$550	\$72		
\$25,000	\$25,999	\$6,850.00	\$571	\$75		
\$26,000	\$27,999	\$7,250.00	\$604	\$79		
\$28,000	\$29,999	\$7,750.00	\$646	\$85		
\$30,000	\$31,999	\$8,250.00	\$688	\$90		
\$32,000	\$33,999	\$8,750.00	\$729	\$96		
\$34,000	\$35,999	\$9,250.00	\$771	\$101		
\$36,000	\$37,999	\$9,750.00	\$813	\$107		
\$38,000	\$39,999	\$10,250.00	\$854	\$112		
\$40,000	\$41,999	\$10,750.00	\$896	\$118		
\$42,000	\$43,999	\$11,250.00	\$938	\$123		
\$44,000	\$45,999	\$11,750.00	\$979	\$129		
\$46,000	\$47,999	\$12,250.00	\$1,021	\$134		
\$48,000	\$49,999	\$12,750.00	\$1,063	\$140		
\$50,000	\$51,999	\$13,250.00	\$1,104	\$145		
\$52,000	\$53,999	\$13,750.00	\$1,146	\$151		
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\$54,000 \$55,999 \$14,250,00 \$1,188 \$156